

Pricing Implications

Jerry Cerasale

Sr. VP, Government Affairs
Direct Marketing Association

Gene Del Polito – Moderator

President
Association for Postal Commerce

Sandy Glick

Vice President
SLS Consulting

Halstein Stralberg

Consultant
Halstein Stralberg Consulting

Mark White

VP, Manufacturing
U.S. News & World Report

Joe Moeller

Mgr Pricing
U.S. Postal Service

Mike Plunkett

A/VP Pricing & Classification
U.S. Postal Service



**MAILERS TECHNICAL
ADVISORY COMMITTEE**

UNITED STATES POSTAL SERVICE®

Some Issues Regarding FSS Implementation

Halstein Stralberg

**Consultant
Halstein Stralberg Consulting**

Which Flats Will Benefit From FSS?

- **Machinable Flats With 5-digit or Lower Presort Should See Lower Costs**
- **Cost Reductions are Less Obvious for Flats That Currently Are Carrier Route Presorted**
- **Diversion of Time-Sensitive Flats to Manual Processing for “Service Reasons” Could Negate Cost Savings Potential and Might Lead to Higher Costs**
- **Cost Impact of Diversion to Manual Will Be More Severe Than Under the Current System**

What Will Be The Entry Time Cut-Off For Time-Sensitive Flats Under FSS?

- **Under Present System, Carriers Can Sequence Carrier Route Presorted Flats While Remaining Flats Undergo Incoming Secondary Sort**
- **Under FSS, Carriers Must Wait for All Flats to Undergo Two FSS Passes, Then Be Transported to the DDU**
- **Will Carrier Route Flats That Currently Get Next Morning Delivery Need to Be Entered Earlier In The Afternoon?**

How Can The High Density Of Some Flats Be Put To Maximum Advantage Under FSS?

- **Bundle Prep is a Major Component of Flats Costs Under the Present System**
- **Avoiding Bundle Prep By Loading Unbundled Flats Pallets Directly Into FSS Could Produce Significantly Lower Costs**
- **It Could Also Allow Most Carrier Route Presorted Flats To Experience No Higher Costs and No Higher Rates Than at Present**

New Rate Categories Will Be Needed To Reflect Cost Incurrence Under FSS

- **R2006-1 Periodicals Rates Were Meant to Reflect the Way Flats Actually are Processed Under the Present System**
- **Under FSS Alternative Rate Categories May Be Necessary to Correspond to Processing Costs**
- **Unit Cost of Flats That Can Be Loaded Directly From Pallets Into the FSS is One Example of the Need for New Cost Studies**

When To Switch To FSS Preparation?

- **Previously Carrier Route Presorted Flats Prepared for FSS Will Cost Much More Unless Actually Processed on the FSS**
- **Carrier Route Mailers Need to Know With Certainty When to Switch to FSS Preparation**
- **A Parallel Rate Structure May Be Necessary, at Least in a Transition Period**
- **Which Flats Should Be Permanently Exempt From FSS Preparation?**